

Message Text

SECRET

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 110702Z SEP 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4492

INFO AMEMBASSY TEHRAN

AMEMBASSY JIDDA

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

USINT ALGIERS

S E C R E T TOKYO 11775

EXDIS

E.O. 11652: GDS

TAGS: ENRG, SA, IR, JA

SUBJ: CODEL WYATT, OIL PRICES AND JAPAN'S BALANCE OF PAYMENTS

REF: A. TEHRAN 5711

B. TOKYO 11378

1. WE APPRECIATE RECEIVING EMBASSY TEHRAN'S ACCOUNT REF A OF CONGRESSMAN WYATT'S MEETING WITH AMOUZEGAR.

2. WE NOTE THAT PART OF AMOUZEGAR'S ARGUMENT WAS BASED ON ASSERTION THAT JAPAN, ALTHOUGH HARD HIT BY OIL IMPORT BILL, HAS OR IS LIKELY TO HAVE BALANCE OF PAYMENTS SURPLUS THIS YEAR. THIS ASSERTION IS IN ERROR.

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3. EMBASSY'S APPRAISAL OF JAPAN'S CURRENT ECONOMIC SITUATION CONTAINED IN REF B, WHICH WE ARE REPEATING TO TEHRAN, STATES RE BALANCE OF PAYMENTS QTE JAPAN'S OVERALL BALANCE OF PAYMENTS HAS REMAINED IN DEFICIT FOR 17 CONSECUTIVE MONTHS AND INCREASED TO \$8.2 BILLION FOR THE PERIOD JAN-JUNE '74 (IT WAS \$-5.9 BILLION JAN-JUNE '73 AND \$-10.1 BILLION FOR FULL CY '73). THE OVERALL PAYMENTS DEFICIT REFLECTS A SHARP DETERIORATION IN THE CURRENT ACCOUNT (MINUS \$5.9 BILLION JAN-JULY '74 COMPARED WITH A \$272 MILLION SURPLUS IN THE SAME PERIOD OF 1973) DESPITE THE REAPPEARANCE OF A SMALL TRADE SURPLUS IN BOTH JUNE AND JULY 74. OIL PAYMENTS INCREASED BY \$9 BILLION (FROM \$3 TO \$12 BILLION) IN THE FIRST SEVEN MONTHS OF '74 OVER '73 WHILE JAPAN'S PAYMENTS FOR INVISIBLES ALSO ROSE SHARPLY TO A NET DEFICIT OF \$-3.5 BILLION IN THE SAME PERIODTHE MOST THAT CAN BE SAID AND THE MOST THAT IS BEING SAID BY JAPANESE FINANCIL LEADERS AND PRIVATE ANALYSTS IS THAT JAPAN IN 1974 WILL EXPERIENCE ZERO OR BELOW-ZERO GROWTH AND THERE WILL BE A VERY LARGE BALANCE OF PAYMENTS DEFICIT. UNQTE.

4. SUGGEST EMBASSY TEHRAN CONSIDER PASSING SUBSTANCE OF PARA 4 REF (A) TO JAPANESE EMBASSY AND ASK THEM TO CORRECT AMOUZEGAR'S MISUNDERSTANDING.
HODGSON

SECRET

NNN

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